‘Meeting between Valéry Giscard d'Estaing and Harold Wilson to focus on Europe and the future of Franco-British projects' from Le Monde (19 July 1974)

Caption: As the meeting between Valéry Giscard d’Estaing and Harold Wilson is about to take place in Paris, the French daily newspaper Le Monde analyses the demands made upon the European Communities by the United Kingdom.

Source: Le Monde. dir. de publ. Fauvet, Jacques. 19.07.1974, n° 9 178; 31e année. Paris: Le Monde. "La rencontre Giscard d'Estaing - Wilson porte sur l'Europe et l'avenir des projets franco-britanniques", auteur:Delarue, Maurice , p. 1; 4.

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Friday at the Elysée

Meeting between Valéry Giscard d'Estaing and Harold Wilson to focus on Europe and the future of Franco-British projects

Harold Wilson and James Callaghan are expected in Paris this evening, Thursday 18 July. First of all, the French President will meet the British Prime Minister in private, while the two Foreign Ministers hold separate talks. A discussion between all parties will follow. After lunch at the Elysée, Mr Wilson will meet Jacques Chirac.

These talks will, of course, concern the future of some joint economic projects. Concerning Concorde, France hopes to produce arguments that will strengthen the position of the supporters of supersonic flight in Britain. On the subject of the Channel Tunnel, Mr Wilson would like to extend the time frame for the venture on financial grounds.

The British request to 'renegotiate' their participation in the Common Market will be one of the most important topics. The talks held on Wednesday evening between Jean Sauvagnargues and his Irish colleague, Walter Fitzgerald, centred essentially on the 'British burden'. On Saturday, Hans-Dietrich Genscher, the Federal German Foreign Minister, arrives in Paris to hear the results of the Franco-British meeting.

Since the war, relations between France and Britain have had their ups and downs, but with more downs than ups. 'When the British first sought to join the Community, they were a prerequisite,' said Maurice Couve de Murville recently. 'Now that they have joined, they are a burden or, at the very least, a stumbling block.' Under Georges Pompidou and Edward Heath, Franco-British relations were at their best. The two statesmen understood each other well on a personal level; politically, they made the most of Great Britain's participation in the Common Market. On the other hand, Mr Giscard d'Estaing and Mr Wilson, who have not met for nine years, have little in common. The former is a 'liberal conservative', a long-time supporter of European unity, even if he has been cautious in demonstrating it up to now; the latter is a militant socialist, fond of Britain's insular past, and he is questioning, on internal political grounds, if not the participation of Great Britain in the Community then at least the way that it functions, perhaps its institutions and, certainly, its spirit.

This, at least, is the impression that Mr Wilson gives, not only to the French Government but to the entire Community. Is this impression justified?

What does the British Prime Minister want? Is he attacking the Community in order simply to win the forthcoming elections? These are questions to which Mr Giscard d'Estaing will be seeking answers when he meets him face to face. As for Mr Wilson, he will be wondering how far he can go without destroying the Community and what will happen if he does destroy it.

After Mr Callaghan's statements to the Community's Council of Ministers on 1 April and 4 June, the British demands may be put under five headings, the first being by far the most important, as it relates to a fundamental principle.

From 1 January [(1)] onwards, the Community budget should, in theory, be financed entirely from 'own resources', i.e. without contributions from individual governments. Such revenue will arise from the customs duties collected at the borders of the EEC, and, in addition, a small percentage of VAT. The British say that this system is unacceptable, and they want to change it. According to their calculations, the system of 'own resources' would result in Great Britain contributing 24 % of the Community budget in 1978, whilst receiving only 10 % in return, with the British gross national product accounting for no more than 14 % of that of the Community.

This last figure is arguable: in the 1980s, will not Great Britain, thanks to North Sea oil, be self-sufficient in oil and natural gas? And has Mr Wilson so little confidence in his own management that, with such assets,

he will not be able to improve his country's economic situation by then? What is even more contentious — and this is the French Government's answer to Mr Wilson's argument — is the method of calculating Britain's contribution to the Community budget.

The British Prime Minister holds a static point of view and not the dynamic view that is the essence of the Common Market. If Great Britain has to make such a big contribution to the Community budget in 1978, it is because, instead of buying 'as a matter of preference' from its partners — which would entail no budget contributions — it wants to continue to import mainly from 'the big wide world' outside the Community. Community preference is at the heart of the EEC. The Common Market was created in order to change trade flows to the benefit of Community countries. Financing the Community from duties collected at the border cannot therefore be changed.

Sometimes, the French also add that it is not 'European' to expect a 'fair return' from one's contributions. If everyone had to recover each year exactly the amount that they put in, then there would be no point in having a common budget. However, this argument is put forward with some reticence, since the French Government has not been averse to abusing the principle of a 'fair return' with regard to Euratom, an attitude which led to that institution being paralysed.

This first British demand met with virtually unanimous opposition from the other members of the Community, at all events from the six founding members, except for the Dutch, who showed some sympathy.

The second might have found some more support, since it concerned the common agricultural policy. The British would like the pricing criteria to take greater account of the most profitable farms and the interests of the consumer. By the same token, they would like Community intervention on the milk, cereals and beef and veal markets to be 'flexible' and the Community to be more open to dairy products from New Zealand, sugar from the Commonwealth, wheat from America and processed agricultural products from the rest of the world. France, the main agricultural producer in the Community, replied that it was in Europe's interests to have a strong agricultural sector so as to be sheltered from fluctuations on the world market. Risks of food shortages can no longer be ignored. Has the effect on the European economies of the American embargo on soya been forgotten?

The third British demand was similar to the second: London wanted the Community to be more open to the rest of the world, especially the Commonwealth countries.

What is the 'European Union'?

Subsequently, the British wanted changes to industrial policy and the implementation of a regional policy. Now it was West Germany that was most threatened. Since Mr Heath's time in office, the conflict of interests between Great Britain — which hopes to be one of the principal beneficiaries of aid to Europe's underdeveloped regions — and the Federal Republic of Germany — the biggest potential contributor — has blocked the introduction of a regional policy.

Finally, to this list concerning the Community, as defined in the Treaty of Rome, must be added the attitude of the British Government to the proposed Economic and Monetary Union — at present in deadlock — and the 'European Union', an objective that the Heads of State or Government of the Nine had established for 1980 during the 1972 Paris 'Summit' and one which Mr Giscard d'Estaing and Helmut Schmidt recently confirmed. Mr Callaghan repeatedly says that he does not understand the term 'European Union'. This is a traditional British tactic. Asked to participate from the outset in the Coal and Steel Community and the Common Market, the British, even then, declined, on the pretext that they did not know what was involved.

The 'European Union' — comes the reply from Paris — is a goal. To strive for European integration by 1980 means that as many Europeans as possible should be united by this date. During his recent European visits, Mr Sauvagnargues stated clearly: 'Any measure, however small, which strengthens the unity of the Nine forms part of the programme to establish a European Union.' In other words, everything that might

unite Europeans should be approved, anything that might divide them should be rejected.

It is quite clear that this is not the major concern of Mr Wilson and Mr Callaghan. At all events, it would be unfair to hold this against them. We simply need to read the reports of the debates in the Commons that preceded the British application for accession, submitted in 1967 by Mr Wilson himself [(2)], to realise that he has always seen the EEC as a vast trading arrangement, based on mutual interest, and not, as his partners see it, a Community involving risks and opportunities, constantly evolving towards ‘an ever closer union among the peoples of Europe’, as laid down in the Treaty of Rome.

Maurice Delarue

(1) This deadline will probably be missed because of technical difficulties. Own resources currently finance nearly 60 % of the Community budget.
(2) In 1961, the Macmillan Government began what were no more than exploratory talks, which were interrupted in January 1963 by General de Gaulle.